

# **Branch Closings**

**Other Changes and Activities**

## **Comptroller's Corporate Manual**

**Washington, DC  
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This booklet should be used together with other booklets of the *Comptroller's Corporate Manual*. Users of the "Branch Closings" booklet should refer to the "[General Policies and Procedures](#)" (GPP) booklet for a discussion of general filing instructions and procedures.

## Background

Federal law, 12 USC 1831r-1, requires an insured depository institution to submit 90 days' advance notice of any proposed branch closing to its federal regulator and to customers at specified times before the closing date. The Comptroller of the Currency (OCC), the Board of Governors of the Federal Reserve System, the Federal Deposit Insurance Corporation, and the Office of Thrift Supervision have adopted a "[Joint Policy Statement on Branch Closing Notices and Policies](#)" to implement this law (see the Appendix).

The Riegle-Neal Interstate Banking and Branching Efficiency Act of 1994 added provisions for branch closings by depository institutions with branches in more than one state if a branch to be closed is located in a low- or moderate-income area. The Economic Growth and Regulatory Paperwork Reduction Act of 1996 further amended the law to exclude from prior notice and other requirements of closure automated teller machines (ATMs); branch closures resulting from short-distance relocations and consolidations; and branches closed in connection with FDIC assistance or an emergency acquisition of a failed or failing institution.

A final notice to the OCC is required after every branch closing, relocation, and consolidation.

## Definitions

**Advance branch closing notices** are a national bank's written notices to the OCC and its customers, at least 90 days in advance of a branch closing. In general, those notices are required of each insured institution when it intends to close a branch. The notice to the OCC must provide a detailed statement of the reasons for the closing along with supporting statistics or other relevant information.

A branch is defined under branch closing rules as a traditional brick-and-mortar branch or any similar banking facility as provided in 12 USC 36(j) (see Definitions section in the "[Branches and Relocations](#)" booklet). It does not include a main office, temporary branch, or night depository.

A **branch consolidation** is defined as a short distance branch relocation or a combination of branches located within the same neighborhood that does not affect substantially the nature of the business or customers served. Branch consolidations that meet the short-distance relocation definition in 12 CFR 5.3(l) do not require advance branch closing notices. However, a branch consolidation may require prior approval of the OCC (see the "[Branches and Relocations](#)" booklet).

A **branch downgrade** occurs when a national bank decides to convert an existing brick-and-mortar branch to an ATM or to a night depository. Since an ATM is not a branch, a bank that downgrades a branch to an ATM must follow branch closing procedures. Under 12 CFR 5.30(d)(1)(I), a drop box (i.e., a night depository) is a branch. Nevertheless, a branch closing notice is required when a brick-and-mortar branch converts to a night depository, because branch services are reduced. A branch authorization must remain in effect under OCC rules for a night depository that remains open at a downgraded site.

A **central city**, as defined in 12 CFR 5.3(e), means the city or cities identified in the complete title of the Metropolitan Statistical Area (MSA) in which the relocating office is located.<sup>1</sup>

A **final branch closing notice** is a national bank's submission that communicates the branch closing date and returns the original branch certification or authorization letter to the OCC.

A **low- or moderate-income area**, as provided in 12 USC 1831r-1, means a census tract for which the median family income is: (1) less than 80 percent of the median family income for the MSA in which the census tract is located; or, (2) in the case of a census tract that is not located in an MSA, less than 80 percent of the median family income for the state in which the census tract is located, as determined without taking into account family income in MSAs in that state.

A **mobile branch** is a facility, other than a messenger service, that does not have a single, permanent site, and includes a vehicle that travels to public locations for the conduct of branching transactions. A mobile branch may serve regularly scheduled locations or be open at various times and locations,

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<sup>1</sup>The Office of Management and Budget's (OMB) lists of MSAs and central cities can be found on the Internet at <http://www.census.gov>. At the "Subjects A-Z" menu, click on "M", then on Metropolitan Areas, then on Metropolitan Area Definitions, then on Central Cities of Metropolitan Areas. Copies of the OMB list may also be obtained by requesting the most recent "List of Metropolitan Area Definitions" (accession no. PB96-180575) from National Technical Information Services (NTIS), Document Sales, 5205 Port Royal Road, Springfield, VA 22161, (703) 487-4650.

such as county fairs, sporting events, or school registration periods. (A branch license is needed for each mobile unit.)

A **short-distance relocation** means moving a branch or main office within: (1) a one-thousand foot radius of the site if the branch or main office is located within a **central city** of an MSA; (2) a one-mile radius of the site if not located within a **central city**, but if located within an MSA; or, (3) a two-mile radius of the site if not located within an MSA.

## Applicability

A national bank must file a 90-day advance branch closing notice whenever it proposes to close a traditional brick-and-mortar branch or any similar banking facility, at which deposits are received, checks paid, or money lent. Main offices, remote service units, ATMs, loan production offices, night depositories, and temporary branches are not branches for purposes of 12 USC 1831r-1 and do not require the advance 90-day branch closing notice. A national bank that questions the applicability of those criteria to a particular branch closing should consult the appropriate OCC district office.

Branch closings require advance branch closing notices when:

- A branch is closed as a result of a merger, consolidation, or other form of acquisition.
- Branch relocations and consolidations do not meet the short-distance relocation definition in 12 USC 1831r-1.

Advance branch closing notices are not required when:

- An ATM, remote service unit, night depository, loan production office, main office, or a temporary branch is closed.
- A branch is closed in connection with an emergency acquisition or any assistance provided by the Federal Deposit Insurance Corporation pursuant to 12 USC 1823(c).
- Services offered at a branch are reduced, but the resulting facility remains a branch under the branch closing rules.
- The closing qualifies as a branch consolidation or short distance relocation.

## Key Policies

Each national bank with one or more branches must adopt written policies for branch closings.

## Summary of Process

### Advance Branch Closing Notice

A national bank that desires to close a branch office must notify the OCC. The notification is usually a two-step process for branch closings. The first step is a 90-day advance notice to the OCC and bank customers that is required unless a specific exception applies. The second is a final branch closing notice to the OCC with the effective date of the closing. Only a final branch closing notice is required for offices or facilities not considered branches under the branch closing rules (e.g., a night depository). No advance or final notice is required to close an ATM.

A national bank must notify the licensing manager in the appropriate district office at least 90 days before the proposed branch closing date. The notice must include a statement of the reasons for the decision to close the branch and supporting statistical or other relevant information consistent with the bank's written policy for branch closings. A bank's advance notice to the OCC should contain all of the information contained in the sample notice (see [Appendix—Joint Policy Statement on Branch Closing Notices and Policies; Documents—Advance Branch Closing and Downgrade Notice](#)). This includes all of the following items:

- Identification of the branch to be closed.
- The proposed date of closing.
- A detailed statement of the reasons for closing the branch.
- Statistical or other information that support the reasons for closing the branch, consistent with the bank's written policies on branch closings.

Unless an exception applies, a national bank also must notify its customers of the proposed closing by mailing notices to them at least 90 days prior to the closing date and by posting the notice conspicuously in the branch premises for at least 30 days prior to its closing date. The notice shall remain posted in the branch premises until the branch is closed.



## Public Comments

If the OCC receives a public comment letter in connection with a branch closing notice, it will forward a copy of the letter to the bank to place in its CRA public file for future OCC review.

## Final Branch Closing Notice

Immediately after the branch is closed, a national bank must submit a final branch closing notice to the appropriate licensing manager. The final notice should:

- List the branch's popular name, location, and authorization number (if known).
- Include the original branch certificate or authorization letter. If the OCC issued a multiple branch authorization letter, the bank should enclose a copy of it, indicating clearly the branch being closed.
- If applicable, report a missing authorization or certification letter.
- If applicable, include a statement that the bank provided a 90-day advance notice of branch closing to its customers.

## Interstate Banks

If a national bank maintains branches in more than one state (i.e., is an interstate bank) and a branch to be closed is located in a low- or moderate-income area, the notice to customers and the notice placed on the branch premises must contain:

- The mailing address of the appropriate district office.
- A statement indicating that comments on the branch closing may be mailed to that office.

Comments should be filed with the OCC by the date of the branch closing.

### **OCC Authority and Consideration**

The OCC is not authorized by the branch closing statute to prohibit a bank from closing a branch. However, in its evaluation of a bank's performance under the Community Reinvestment Act (CRA) and the assignment of CRA ratings, the OCC:

- Reviews a bank's record of opening and closing offices.
- Evaluates the effect of those openings and closings on the communities in which the branches are or were located.
- Considers comments received on branch closings.

The OCC considers CRA performance when acting on applications by a bank to merge with another institution, establish a new branch, or relocate a branch or main office.

## **Meetings**

The OCC will convene a meeting to explore the feasibility of obtaining alternative financial services in the low- to moderate-income area in which the closing of the interstate bank's branch is located, if a person from that area files written comments that meet all of the following criteria. The comments:

- Are related to the branch closing.
- Are not frivolous.
- Discuss the adverse affect of the closing on the availability of banking services in the affected community.
- Contain a request that the OCC convene a meeting or take other action to ameliorate the adverse effects of the branch closing.
- Include specific reasons for the request.

The OCC will invite to the meeting other depository institution regulatory agencies, community leaders from the affected area, and other persons, organizations, and depository institutions that the OCC determines appropriate.

## **Specific Requirements**

Additional guidance for some specific branch closings is provided in this section. The following table illustrates the specific requirements for various closings:

	Advance Branch Closing Notice	Final Branch Closing Notice
Brick-and-Mortar Branch Closing	Yes	Yes
Branch Downgrade to ATM	Yes	Yes
Branch Downgrade to Night Depository	Yes	Yes
Mobile Branch Closing	Yes	Yes
Branch Consolidation	No	Yes
Short-Distance Relocation	No	Yes
Night Depository	No	Yes
Temporary Branch	No	Yes
ATM Closing	No	No
Emergency Acquisitions/FDIC Assistance	No	Yes
Loan Production Office	No	No
Remote Service Units (RSU)	No	No

## ATM Closing

The OCC does not require notification when a national bank closes an ATM. ATMs are exempt from branch closing notification requirements under 12 USC 1831r-1.

## Branch Consolidation

Branch consolidations are considered relocations if they meet the short distance relocation definition in 12 CFR 5.3(l). Though such consolidations do not require advance branch closing notices, the bank must submit a final branch closing notice when it consolidates branches within the same neighborhood. Branch consolidations do not include a branch consolidating with a main office. In this case, branch closing requirements do apply.

## Branch Downgrade to an ATM

A national bank must comply with the 90-day advance notice and the final branch closing notice, when it downgrades a brick-and-mortar branch to an ATM or night depository. The branch authorization must remain in effect, if a separate night depository will remain open with the ATM.

## Mobile Branch Operations

A mobile branch is subject to the branch closing notice requirements if:

- It will cease conducting branching transactions in the geographic area for which it was approved, or;

- The changes in services constitute a branch downgrade that is subject to branch closing requirements (e.g., a staffed mobile branch is replaced by a mobile ATM).

No branch closing notice is required, however, if a mobile branch will continue to operate within its approved geographic area, but changes stops within the area.

## Night Depository Closing

A bank does not need to provide advance notice of the closing of a standalone night depository (including one that may be located at an ATM site). Since a night depository is considered a branch under 12 CFR 5.30(d)(1)(1), a final branch closing notice to the OCC is required when a national bank closes a standalone night depository.

## Filing the Notice

### Licensing Staff

1. Refers a bank that requests instructions to the "[General Policies and Procedures](#)" (GPP) booklet and to this booklet of the *Comptroller's Corporate Manual*. If no advance branch closing notice or downgrade notice is required, go to step 13.

### Bank

2. Sends an advance branch closing notice or advance branch downgrade notice to the appropriate district office at least 90 days before the closing date (see Documents—[Advance Branch Closing and Downgrade Notice](#)).
3. Notifies customers of the proposed branch closing date by mailing notices to them at least 90 days prior to the closing date (see Documents—[Sample Customer Notice of Branch Closing](#)).

### Licensing Staff

4. Initiates and enters appropriate information into the Corporate Activities Information System (CAIS).
5. Acknowledges the filing within five business days of receipt, if applicable (see the [Introduction](#) in the GPP booklet).
6. Reviews the notices to the OCC and to customers to ensure compliance with requirements and requests corrections or additional information, if necessary.
7. If the notification is requested, establishes a public file for the notice and public comments.
8. Notifies the portfolio manager and community reinvestment and development (CRD) specialist in the district, if an interstate bank indicates its intention to close a branch in a low- or moderate-income area.

## Consideration of Comments

### Interested Person

9. Files comments.

### Licensing Staff

10. [Applicable only when an interstate bank proposes to close a branch in a low- or moderate-income area] If an interested person from the area in which the branch is located submits a non-frivolous written request relating to its closing that: (1) includes a discussion of the adverse effect of the branch closing on the availability of banking services in the affected area; (2) requests that the OCC convene a meeting or take other action to ameliorate the adverse effects of the branch closing; and (3) includes specific reasons for the request, takes the following actions:
  - Sends an appropriate acknowledgment letter.
  - Forwards a copy of the written request for a meeting to the bank for inclusion in its public file of Community Reinvestment Act (CRA) comments.
  - Forwards the request to the CRD specialist for the district in which the closing branch is located for follow up in the planning of the meeting and consultation with community leaders in the affected community, and other persons, organizations, and depository institutions that the OCC determines appropriate.
  - Offers assistance in planning and conducting the meeting to the appropriate deputy comptroller or assistant deputy comptroller for the area in which the closing branch is located.
11. For comments received that are not covered by step 10:
  - Sends an appropriate acknowledgment letter.
  - Forwards a copy of the comment letter to the CRD specialist for the district in which the closing branch is located for information.
  - Forwards a copy of the comment letter to the bank for inclusion in its public file of CRA comments.

## Bank

12. Posts a notice conspicuously on the premises of the branch to be closed at least 30 days prior to the closing date (see Documents—[Sample Customer Notice of Branch Closing](#)).
13. Sends the final branch closing, consolidation, or downgrade notice to the licensing manager in the appropriate district office immediately after the branch is closed (see Documents—[Final Branch Closing, Consolidation, Relocation, or Downgrade Notice](#)).

## Licensing Staff

14. Makes appropriate CAIS entries and uses "Notify Other OCC Departments" to notify the portfolio manager of the closing.
15. Cancels the branch certificate or authorization letter on the effective date of the closing by stamping or writing "Canceled" across the certificate/authorization letter and by indicating the effective date and CAIS control number.
16. Sends an acknowledgment letter to the bank confirming cancellation of the branch certificate/authorization letter.

## Close Out

17. Reviews the file for completeness and forwards it to Central Records.





## Advance Branch Closing and Downgrade Notice

Date

Licensing Manager, District  
Comptroller of the Currency  
Address  
City, State, ZIP Code

Re: Advance Branch Closing or Downgrade Notice

Dear Licensing Manager:

This is our official 90-day advance notice that the (national bank title, address, and charter number) intends to (close its branch or downgrade its full service branch to an ATM) at (address, city, state), popularly known as (branch popular name) as of (effective date). This branch was authorized by the Comptroller of the Currency (OCC) as branch number A - .

In support of this decision, enclosed is the detailed statement of the reasons for the decision to (close or downgrade) the branch and supporting statistical or other information consistent with the bank's written policy for branch closings.

[If applicable] Additionally, we have provided a 90-day advance notice to branch customers, a copy of which is enclosed. This notice to customers was mailed on (date). We also intend to post a notice at the branch site at least 30 days prior to the closing as required.

The branch being closed (is / is not) in a low- or moderate-income area. As of this date, the bank (is / is not) an interstate bank, and as of the date of the branch closing, the bank (expects / does not expect) to be an interstate bank.

The branch certificate/authorization will be returned at the time of closure.

Sincerely,

) Signature)

Name and Title

Enclosures

# Final Branch Closing, Consolidation, Relocation, or Downgrade Notice

Date

Licensing Manager, District  
Comptroller of the Currency  
Address  
City, State, ZIP Code

Re: Final Branch Closing, Consolidation, Relocation, or Downgrade Notice, CAIS  
Control Number

Dear Licensing Manager:

On (effective date), the (national bank title, address, and charter number), (closed, consolidated, relocated or downgraded) its branch at (location), popularly known as (branch popular name) and authorized by the Comptroller of the Currency (OCC) as branch number A - .

***[For consolidations]***

This branch was consolidated with our branch at (location), popularly known as (branch popular name) and authorized by the Comptroller of the Currency (OCC) as branch number A - .

***[For consolidations or short distance relocations]***

The consolidation (or short distance relocation) of those branches complies with the requirements of the [Joint Policy Statement on Branch Closing Notices and Policies](#), issued September 21, 1993 and meets the distance requirements of 12 CFR 5.3(l). The branches are located in the same neighborhood, and the nature of the business or the customers served is not affected and meets the short distance requirements in 12 CFR 5.

***[For branch closings and downgrades]***

A 90-day advance notice of proposed branch closing was submitted on (date).

The original OCC authorization letter or branch certificate or a copy of the original is enclosed for cancellation, indicating the branch closed, if the original letter contained multiple authorizations.

Sincerely,

) Signature)

Name and Title

Enclosure

## Sample Customer Notice of Branch Closing

Date

Dear Bank Customer:

At (time) on (date), our (branch popular name) located (branch location) will close. All accounts currently maintained at this branch will be transferred to our branch at (branch popular name and branch location). Your accounts will be transferred automatically to the branch. No action by you will be necessary.

[Optional: Include information on the services offered at branch where the accounts have been transferred.]

***[For interstate banks, the following paragraph should be inserted in the customer notice when the bank is closing a branch in a low- or moderate-income neighborhood.]***

Any person wishing to comment on this proposed branch closing may file comments with the licensing manager at (address of district office). Comments should be received by the proposed closing date.

[Optional: If you have any questions, please call us at (telephone number). We look forward to serving your banking needs for years to come.]

Sincerely,

) Signature)

Name and Title



### **Branches**

Law	12 USC 36
Regulation	12 CFR 5

### **Community Reinvestment Act of 1977**

Laws	12 USC 2901 et. seq.
Regulation	12 CFR 25

### **Branch Closings**

Law	12 USC 1831r-1
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## Joint Policy Statement on Branch Closing Notices and Policies

Policy Statement of Board of Governors of the Federal Reserve System, Office of the Comptroller of the Currency, Federal Deposit Insurance Corporation, and Office of Thrift Supervision concerning Branch Closing Notices and Policies

### Purpose

This policy statement provides guidance to insured depository institutions concerning requirements that an institution provide prior notice of any branch closing and establish internal policies for branch closings.

### Background

The Federal Deposit Insurance Corporation Improvement Act of 1991 (Pub. L. 102-242, 105 Stat. 2236) (FDICIA) was enacted on December 19, 1991. Section 228 of the FDICIA adds a new section 42 to the Federal Deposit Insurance Act (FDI Act) (12 USC 1831r-1) that imposes notice requirements on insured depository institutions that intend to close branches.<sup>1</sup> The provision became effective on December 19, 1991.

The law requires an insured depository institution to submit a notice of any proposed branch closing to the appropriate federal banking agency no later than 90 days prior to the date of the proposed branch closing. The required notice must include a detailed statement of the reasons for the decision to close the branch and statistical or other information in support of such reasons.

The law also requires an insured depository institution to notify its customers of the proposed closing. The institution must mail the notice to the customers of the branch proposed to be closed at least 90 days prior to the proposed closing. The institution also must post a notice to customers in a conspicuous manner on the premises of the branch proposed to be closed at least 30 days prior to the proposed closing.

Additionally, the law requires each institution to adopt policies for the closings of branches of the institution.

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<sup>1</sup>An insured depository institution means any bank or savings association, as defined in section 3 of the FDI Act, the deposits of which are insured by the FDIC.

## Applicability

Section 42 applies to the closing of a "branch" by an insured depository institution. The agencies consider a "branch" for purposes of section 42 to be a traditional brick-and-mortar branch, or any similar banking facility, at which deposits are received or checks paid or money lent. Thus, for example, notice pursuant to section 42 would not be required for the closing of an ATM or temporary branch. Institutions that are in doubt about the coverage of a particular closing should consult the appropriate federal banking agency.

An institution must file a branch closing notice whenever it closes a branch, including when the closing occurs in the context of a merger, consolidation or other form of acquisition. Transactions subject to expedited approval under the Bank Merger Act (12 USC 1828) must also file a branch closing notice. The responsibility for filing the notice lies with the acquiring or resulting institution, but either party to such a transaction may give the notice. Thus, for example, the purchaser may give the notice prior to consummation of the transaction when the purchaser intends to close a branch following consummation, or the seller may give the notice because it intends to close a branch at or prior to consummation. In the latter example, if the transaction were to close ahead of schedule, the purchaser, if authorized by the appropriate federal banking agency, could operate the branch to complete compliance with the 90-day requirement without the need for an additional notice.

The law does not apply to mergers, consolidations, or other acquisitions, including branch sales, that do not result in any branch closings. In addition, the law does not apply when a branch is relocated. For purposes of this policy statement, a branch relocation is a movement within the same immediate neighborhood that does not substantially affect the nature of the business or customers served. Generally, relocations will be found to have occurred only when short distances are involved: for example, moves across the street, around the corner, or a block or two away. Moves of less than 1000 feet will generally be considered to be relocations. In less densely populated areas, when neighborhoods extend farther and a long move would not significantly affect the nature of the business or the customers served by the branch, a relocation may occur over substantially longer distances. Institutions that are in doubt about whether a relocation or closing has occurred should consult the appropriate federal banking agency.

Consolidations of branches are considered relocations if the branches are located within the same neighborhood and the nature of the business or customers served is not affected. Thus, for example, a consolidation of two branches on the same block following a merger would not constitute a branch closing. The same standards apply to consolidations as to relocations.



Change of services at branches are not considered branch closings, provided that the remaining facility constitutes a branch (as defined herein).<sup>2</sup>

In addition, section 42 does not apply when a branch ceases operation but is not closed by an institution. Thus, the law does not apply to:

- A temporary interruption of service caused by an event beyond the institution's control (e.g., a natural catastrophe), if the insured depository institution plans to restore branching services at the site in a timely manner.<sup>3</sup>
- Transferring back to the FDIC or Resolution Trust Corporation, pursuant to the terms of an acquisition agreement, a branch of a failed bank or savings association operated on an interim basis in connection with the acquisition of all or part of a failed bank or savings association, as long as the transfer occurs within the option period or within an occupancy period, not to exceed 180 days, provided in the agreement.

## Notice of Branch Closing to the Agency

The law requires an insured depository institution to give notice of any proposed branch closing to the appropriate federal banking agency no later than 90 days prior to the date of the proposed branch closing. The required notice must include:

- Identification of the branch to be closed.
- The proposed date of closing.
- A detailed statement of the reasons for the decision to close the branch.
- Statistical or other information in support of such reasons consistent with the institution's written policy for branch closings.

If an institution believes certain information included in the notice is confidential in nature, the institution should prepare such information separately and request confidential treatment. The agency will decide whether to treat such information confidentially under the Freedom of Information Act (5 USC 552).

If a notice provided to a state supervisory agency pursuant to state law contains the information outlined above, then the institution may provide a copy of that notice

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<sup>2</sup>The agencies note that when, after a reduction in services, the resulting facility no longer qualifies as a branch, section 42 would apply. Thus, notices of branch closing would be required if an institution were to replace a traditional brick-and-mortar branch with an ATM.

<sup>3</sup>Section 42 would apply, however, if the institution were closed or did not reopen the branch following the incident. Although prior notice would not be possible in such a case, the institution should notify the customers of the branch and the appropriate federal banking agency in the manner specified by section 42 to the extent possible and as soon as possible after the decision to close the branch has been made.

to the appropriate federal banking agency in satisfaction of section 42, provided that the notice is filed at least 90 days prior to the date of the branch closing.

## Notice of Branch Closing to Customers

The law requires an insured depository institution that proposes to close a branch to provide notice of the proposed closing to the customers of the branch. A customer of a branch is a patron of an institution who has been identified with a particular branch by such institution through use, in good faith, of a reasonable method for allocating customers to specific branches. An institution that allocates customers to its branches based on where a customer opened his or her deposit or loan account will be presumed to have reasonably identified each customer of a branch. The agencies recognize that use of this means of allocation, and perhaps others, may result in certain branches not being assigned any customers, but believe that this result is permissible as long as the means of allocation is reasonable; if such a branch is closed, then notification to the appropriate agency and posting of a notice on the branch premises will suffice. Finally, an institution need not change its record keeping system in order to make a reasonable determination of who is a customer of a branch.

Under section 42, an institution must include a customer notice at least 90 days in advance of the proposed closing in at least one of the regular account statements mailed to customers, or in a separate mailing. If the branch closing occurs after the proposed date of closing, no additional notice is required to be mailed to customers (or provided to the appropriate federal banking agency) if the institution acted in good faith in projecting the date for closing and in subsequently delaying the closing.

The mailed customer notice should state the location of the branch to be closed and the proposed date of closing, and either identify where customers may obtain service following the closing date or provide a telephone number for customers to call to determine such alternative sites. If a notice of branch closing provided to customers pursuant to state law contains this information, then a separate notice need not be sent, provided that the notice is sent at least 90 days prior to the closing.

Under section 42, an institution also must post notice to branch customers in a conspicuous manner on the branch premises at least 30 days prior to the proposed closing. This notice should state the proposed date of closing and identify where customers may obtain service following that date or provide a telephone number for customers to call to determine such alternative sites. An institution may revise the notice to extend the projected date of closing without triggering a new 30-day notice period.

In some situations, an institution, in its discretion and to expedite transactions, may mail and post notices to customers of a proposed branch closing that is contingent upon an event. For example, in the case of a proposed merger or acquisition, an institution may notify customers of its intent to close a branch upon approval by the appropriate federal banking agency of the proposed merger or acquisition.

## Policies for Branch Closings

The law requires all insured depository institutions to adopt policies for branch closings. Each institution with one or more branches must adopt such a policy. If an institution currently has no branches, it must adopt a policy for branch closing before it establishes its first branch. The policy should be in writing and meet the size and needs of the institution.

Each branch closing policy adopted pursuant to section 42 should include factors for determining which branch to close and which customers to notify and procedures for providing the notices required by the statute.

## Compliance

As part of each Community Reinvestment Act (CRA) examination, the federal banking agencies will examine for compliance with section 42 of FDICIA to determine whether the institution has adopted a branch closing policy and whether the institution provided the required notices when it closed a branch. If an institution fails to comply with section 42, the appropriate federal banking agency may make adverse findings in the CRA evaluation or take appropriate enforcement action.

By order of the Board of Governors of the Federal Reserve System.

9/9/93 (signed) William W. Wiles

\_\_\_\_\_  
Date William W. Wiles  
Secretary of the Board

9/8/93 (signed) Eugene A. Ludwig

\_\_\_\_\_  
Date Eugene A. Ludwig  
Comptroller of the Currency

8/10/93 (signed) Hoyle L. Robinson

\_\_\_\_\_  
Date Hoyle L. Robinson  
Executive Secretary  
Federal Deposit Insurance Corporation

8/11/93 (signed) Jonathan L. Fiechter

\_\_\_\_\_  
Date Jonathan L. Fiechter  
Acting Director  
Office of Thrift Supervision